

Message Text

CONFIDENTIAL

PAGE 01 EC BRU 01074 102041Z

61

ACTION EUR-08

INFO OCT-01 SS-14 ISO-00 EB-03 NSC-05 NSCE-00 INR-05

CIAE-00 TRSE-00 SP-02 /038 W
----- 097905

R 061738Z FEB 75

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 8240

INFO ALL EC CAPITALS 0316

C O N F I D E N T I A L EC BRUSSELS 01074

LIMDIS

E.O. 11652: GDS

TAGS: EFIN, EEC

SUBJECT: EC COMMON BORROWING FACILITY--ITALY HESITATES OVER
ASKING FOR A LOAN

REF: A) ROME 1201

B) EC BRUSSELS 727

C) EC BRUSSELS 599

1. EC COMMISSION OFFICIALS, CONFIRMING REPORT IN REF A, SAY THAT ITALY HAS ALREADY BEGUN TO DEMONSTRATE IN EC CIRCLES SOME HESITATION ABOUT OBTAINING A LOAN THROUGH THE EC COMMON BORROWING FACILITY AT THIS TIME. THE FACILITY'S IMPLEMENTATION WILL BE DISCUSSED AT THE FEBRUARY 17 COUNCIL (FINANCE) MEETING AT WHICH TIME THE ITALIANS ARE EXPECTED TO INDICATE WHETHER THEY CURRENTLY WANT A LOAN. ONE OFFICIAL BELIEVES THE CHANCES ARE ONLY 50-50 THAT THE GOI WILL MAKE SUCH A REQUEST. THERE ARE NO OTHER MEMBER STATES CURRENTLY INTERESTED IN AN EC LOAN. THUS, SHOULD ITALY NOT BE INTERESTED, THE COUNCIL WOULD LIKELY PUT OFF IMPLEMENTATION OF THE FACILITY UNTIL A BORROWING NEED ARISES. THIS WOULD MEAN THAT THE PROPOSED NEGOTIATIONS WITH OPEC COUNTRIES (SEE REF C) WOULD ALSO BE POSTPONED.

2. COMMISSION OFFICIALS CITED TWO PRIMARY REASONS FOR ITALY'S
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 EC BRU 01074 102041Z

RELUCTANCE TO USE THE FACILITY: (1) THE EC COULD FAIL TO

MAKE A SUCCESSFUL PLACEMENT WITH THE OPEC COUNTRIES BECAUSE
OF THE POLITICAL COMPLEXITIES OF THE NEGOTIATIONS (SEE REF B);
SUCH A FAILURE COULD ADVERSELY AFFECT ITALY'S ABILITY TO BORROW
ELSEWHERE AND COULD BRING PRESSURE AGAINST THE LIRA; AND
(2) THE ITALIANS MAY WANT TO AVOID THE ECONOMIC CONDITIONS
WHICH THE LOAN WOULD ENTAIL. IN ADDITION, ITALY'S ECONOMIC
SITUATION HAS IMPROVED, AND THE GOI MAY NOT NEED THE EC FACILITY
TO OBTAIN THE FUNDS THAT IT NEEDS. COMMISSION OFFICIALS NOTE
THAT THE FACILITY'S CUMBERSOME PROCEDURES HAVE ADDED TO THE
GOI'S HESITATION.GREENWALD

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FINANCE, MINISTERIAL MEETINGS, LOANS, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 06 FEB 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975ECBRU01074
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750048-0768, D750044-0621
From: EC BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750267/aaaacike.tel
Line Count: 71
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS
Reference: 75 ROME 1201
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 09 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 APR 2003 by MartinML>; APPROVED <10 APR 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EC COMMON BORROWING FACILITY--ITALY HESITATES OVER ASKING FOR A LOAN
TAGS: EFIN, EEC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006